

REBUTTAL TESTIMONY

of

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Illinois Commerce Commission

Petition for Approval of Natural Gas and Electric Energy Efficiency Plans

Ameren Illinois Company d/b/a Ameren Illinois

Docket No. 13-0498

October 28, 2013

1 **I. Witness Identification**

2 **Q. State your name and business address.**

3 A. My name is David Brightwell. My business address is Illinois Commerce
4 Commission, 527 East Capitol Avenue, Springfield, Illinois, 62701.

5 **Q. Are you the same David Brightwell who previously testified in this**
6 **proceeding?**

7 A. Yes.

8 **Q. What was the purpose of your rebuttal testimony?**

9 A. I respond to a recommendation involving demand reduction programs
10 made in the Citizens Utility Board's ("CUB") direct testimony.

11 **Q. What is the recommendation?**

12 A. CUB made a recommendation that Ameren investigate the cost-
13 effectiveness of a Conservation Voltage Reduction ("CVR") Program and
14 implement the CVR program if it is estimated to be cost-effective (CUB Ex. 1.0,
15 at 25-28). If the CVR program is determined to be cost-ineffective, CUB
16 recommends that Ameren should meet its demand reduction goals by expanding
17 its Power Smart Pricing ("PSP") Program, which CUB believes was found to be
18 cost-beneficial to customers Id. at 27-28.

19 **Q. What is your opinion of CUB's recommendation?**

20 A. I have no opinion on the CVR proposal. I am concerned that if CVR is not
21 determined to be cost-effective, the alternative, namely that Ameren should

22 expand the PSP Program, is unnecessary and impractical. The PSP program is
23 in effect. It is administered through Rider PSP where participating customers pay
24 \$2.25 per month and non-participating customers pay \$0.08 per month Ameren
25 Illinois Co., ICC Docket No. 11-0547, Final Order, 3-4 (November 8, 2012). It is
26 unclear how CUB intends for Ameren to expand the PSP program through Rider
27 EDR. PSP is now an opt-in program available to all its residential electric
28 customers.¹ It seems counterproductive to expand the PSP program with the
29 limited EE funds available when Rider PSP exists and allows for cost recovery if
30 the program is expanded.

31 Shifting PSP program participation to Section 8-103-funded program
32 participation may have the effect of lowering EE savings by shifting the costs
33 recovered under Rider PSP (the vast majority of which is paid by non-
34 participants) to the energy efficiency Rider EDR. Given the cost cap on EE
35 expenditures, including PSP under EE would have the effect of reducing funds
36 for and savings from other EE programs. However, should the Commission wish
37 to explore expanding the PSP Program, in my opinion, it is important for the
38 Commission to be cognizant of the fact that that the Total Resource Cost ("TRC")
39 Test was not used to determine that the PSP Program is cost beneficial².

¹ See the website <http://www.powersmartpricing.org/> for more information.

² Docket 11-0547 Ameren Ex. 1.1 filed on e-Docket April 4, 2012.

40 The evaluation of Ameren's PSP program also concluded that on average
41 a PSP customer reduces peak demand by about 0.52 kW, but that there is no
42 energy savings. In the earlier years, when summer temperatures were lower, the
43 evaluators actually observed a slight increase in energy use by PSP program
44 participants.³ Therefore, allocating EE funds toward the PSP program may
45 increase demand savings by reducing the size of programs designed to increase
46 energy savings.

47 **Q. What are some of the differences in the evaluation methods used in the**
48 **PSP program and the TRC test?**

49 A. First, the PSP program evaluation attempted to measure the indirect
50 benefits to non-participants of lower energy and capacity prices presumably
51 resulting from participants shifting energy use to lower price hours. In contrast,
52 no such indirect effect is included in TRC analysis. Second, the PSP evaluation
53 used a discount rate of 1-3%, while the discount rate used in the TRC test is the
54 Utility's Weighted Average Cost of Capital adjusted for inflation, which, in the
55 current Plan filing is equal to 4.95%. Third, the evaluations of the PSP Program
56 did not consider the effects of AMI deployment on expanding the PSP program.
57 Particularly, expanding the PSP program requires additional interval meters for
58 additional participants. Once AMI is deployed these meters are likely to be
59 replaced resulting in additional stranded costs.

³ See generally Docket 11-0547 Ameren Ex. 1.1 filed on e-Docket April 4, 2012 and a supplemental report titled "Ameren Power Smart Pricing 2012 Operational Report," filed on e-Docket April 26, 2013.

60 **Q. How have these differences affected estimates of net benefits?**

61 A. Due to these differences, the estimated net benefits of the PSP Program
62 are likely to be lower if the TRC methodology is used..

63 **Q. What do you recommend?**

64 A. Despite the potential impact on funding for other EE programs, if the
65 Commission chooses to consider PSP as an energy efficiency program, I
66 recommend that Ameren apply the TRC Test to the PSP Program to determine if
67 the PSP Program can be considered cost-effective, using Illinois' statutorily-
68 mandated methodology.

69 **Q. Does this conclude your rebuttal testimony?**

70 A. Yes.